

# Richmondm

## Downtown Dollars

Half of the \$1.2 billion in projected surplus revenues from a proposed downtown redevelopment would go to Richmond schools, mayor says

by Sarah King

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*Stoney outlines spending priorities for surplus revenues generated by the proposed Navy Hill redevelopment project. Joining him are Richmond School Board Chairwoman Dawn Page, Superintendent of Schools Jason Kamras and 7th District School Board representative Cheryl Burke. (Photo by Sarah King)*

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Richmond Mayor Levar Stoney announced his administration's priorities for an anticipated \$1.2 billion in surplus revenues expected to be generated from the proposed Navy Hill Redevelopment Project — part of a plan to replace the Coliseum — at a news conference held Friday morning at George Mason Elementary School in the city's East End.

The administration's key funding priorities would use about two thirds of the surplus revenues, which would be generated over 30 years, to fund education, housing and cultural programs in Richmond.

"There's a cost to doing nothing," Stoney told reporters Friday about the proposal, which the public and elected officials have yet to review as the administration continues negotiations with the developer, NH District Corp, that began in June.

Stoney's proposal would dedicate roughly 66 percent of the estimated surplus revenues generated by a tax increment finance district, considered necessary to the project's development:

- 50 percent of surplus revenues would be dedicated to Richmond Public Schools (\$600 million)
- 15 percent would go to affordable housing and services for the homeless (\$180 million)
- 1 percent would be earmarked for art, history and cultural opportunities (\$12 million)

The remaining 34 percent — about \$400 million — of surplus revenues would funnel into the city's general fund to pay for core services such as public safety and public works, Stoney said.

"Setting those allocations underscores our commitment to making this project not just an economic development project, but one that will realize our vision and make it an economic empowerment project for our residents," Stoney said, standing in a classroom where he was flanked by RPS Superintendent Jason Kamras, Richmond School Board Chairwoman Dawn Page and 7th District School Board representative Cheryl Burke.

announcement. The partnership between RPS and the city and Mayor Stoney thank you for listening. ... We recognize this is only the beginning, because we know we have much more work to do — but this is the first step. Thank you for all the 24,000 students in Richmond Public Schools — education is a priority, thank you.”

When asked about her reference to “collaboration,” considering the School Board has not voted on whether to support the administration’s proposal, Page said she and her colleagues are awaiting the proposal to review.

The mayor’s announcement follows the conclusion of a third-party [analysis by Hunden Strategic Partners](#) of the downtown redevelopment proposal, which has been negotiated out of the public eye between the city and NH District Corp., the private development group headed by Dominion Energy CEO Tom Farrell. The group is the lone respondent to the city’s request for proposals last year.

The redevelopment project calls for a number of new or restored elements in a 10-block section of the city north of Broad Street, including:

- a 17,500-seat arena to replace the Richmond Coliseum
- Renovation of the Blues Armory
- 2,800 apartments and a new, 500-plus room hotel
- A new GRTC bus transfer station
- Retail, office and restaurant space

Private investments totaling \$1.1 billion will pay for the non-city-owned assets of the project (such as commercial retail space); the remainder of improvements totaling an estimated \$350 million — aspects such as the \$220 million arena build-out, \$10 million Blues Armory renovation and public infrastructure improvements, such as bringing Leigh Street up to grade — will be financed through what is known as a tax increment finance (TIF) district.

The financing proposal has drawn some of the sharpest criticism of the downtown development plan. The TIF district initially was proposed for a 10-block area in which new revenues generated from the development would pay off the \$500 million debt associated with the public-asset portions of the deal.

redeveloped area — an expansion Stoney said was necessary to provide more affordable housing, during a news conference held Nov. 1 and attended by Farrell and other members of NH District Corp.

Farrell has said he does not have any personal financial investment in the NH District proposal, but non-public-asset portions of the project will require \$1.1 billion in private investment dollars, including the 2,800 apartments. The sources of that investment have not been revealed.

The city's request for proposals last November called for a minimum 10 percent of those units be designated as affordable housing — a piece of the deal that has been subject to negotiations in recent months, NH District spokesman Jeff Kelley says.

The Better Housing Coalition is working with the administration to fund another 200 to 220 affordable units downtown with the help of a \$5 million donation from The Community Foundation, according to the Richmond Times-Dispatch. The surplus funds announced by Stoney would add 200 more units, bringing the total number of affordable units in the redeveloped area to 680.

Another factor in the expanded tax increment finance district, Stoney said Friday, was in part due to the number of densely packed tax-exempt properties currently in crux of downtown. Stoney told reporters that the city's assessed property value as a whole is roughly \$25 billion, but the TIF district "currently, as it stands today, only represents \$1.6 billion in assessed value."

The reason, the mayor said, is that "a great percentage of the properties currently in that district are tax-exempt — state properties, city property, nonprofits, churches, synagogues, you name it, they're right there downtown, and guess what? The city of Richmond receives no tax dollars off of that today."

After the debt is paid off from the increased tax revenues generated through completed development, the project's surplus revenues — totaling \$1.2 billion, according to Hunden's analysis — would fund Stoney's priorities presented Friday. The city expects to begin collecting surplus revenues from the project incrementally after three to five years.

Rich Meagher, an associate professor of political science at Randolph-Macon College who runs the website [rvapol.com](http://rvapol.com), has been skeptical of the financing plan for the project.

projects and says that dedicating money for education, housing and the arts is a smart move politically to build support for the project. "Everyone wants more money for the schools right now, and cuts in the public art fund has been a touchy subject recently," he adds.

"But it's really important to remember that this surplus is entirely dependent on the projections laid out by the developers and consultant report," he says, answering a question via email. "And there's a lot of evidence that the numbers in these type of consultancy reports are wildly inflated, based on rosy assumptions about future business, development and job creation. So Stoney is basing his promises on a 'surplus' that may be smaller than he claims, or may not ever exist at all."

The mayor's proposed \$600 million distribution of funds to schools would be in addition to the projected \$34 million generated over three decades by the 1.5 percent meals tax increase helping to fund new schools, such as a replacement for George Mason Elementary, which is slated to break ground on a new building in the first round of facilities revitalization efforts.

"There's a cost to doing nothing," Stoney said, rattling off figures such as the \$600 million for schools. "If we do nothing, we don't create 680 affordable housing homes right here in the middle of the city of Richmond. If we do nothing, \$300 million in minority contracts won't be available to businesspeople in our city. If we do nothing, we leave \$1.7 billion on the table," Stoney said. "I just choose not to sit by idly when we could actually secure the success of our students moving forward."

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